

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

State funds are classified or grouped for financial reporting using two different perspectives. One perspective is based upon legal/budgetary requirements and is the perspective used in Governor's Budget presentations. The second is in accordance with generally accepted accounting principles (GAAP) for governments.

The objective of GAAP is to standardize the accounting and financial reporting of organizations regardless of customs and jurisdictional legal provisions. GAAP provides a uniform set of rules so that financial reports are consistent from year to year and comparable between governmental entities.

The following two charts illustrate the effect of conversion of legal/budgetary fund classifications to GAAP fund classifications:

Schedule 3A shows the "Total State Spending Plan" data shown in Schedule 2 rearranged into the GAAP classifications.

Schedule 3B uses 2004-05 Governor's Budget totals to show California's legal/budgetary fund structure compared to GAAP classifications.

SCHEDULE 3A TOTAL STATE SPENDING PLAN BY GAAP FUND CLASSIFICATION (In Thousands)

GAAP Fund Structure	2002-03	2003-04	2004-05
Governmental Funds			
General Funds	\$77,482,135	\$78,028,100	\$76,061,869
Special Revenue Funds	54,324,029	58,232,921	57,748,011
Capital Project Funds	153,409	234,121	145,056
Total Governmental Funds	<u>\$131,959,573</u>	<u>\$136,495,142</u>	<u>\$133,954,936</u>
Proprietary Funds			
Enterprise Funds	14,976,814	16,327,918	14,434,081
Internal Service Funds	1,190,623	1,201,224	1,218,221
Total Proprietary Funds	<u>\$16,167,437</u>	<u>\$17,529,142</u>	<u>\$15,652,302</u>
Fiduciary Funds			
Retirement Funds	12,199,582	13,867,206	14,600,449
Trust and Agency Funds—Other	18,703,927	19,380,841	17,788,884
Trust and Agency Funds—Federal	9,157,690	9,382,557	8,057,045
Total Fiduciary Funds	<u>\$40,061,199</u>	<u>\$42,630,604</u>	<u>\$40,446,378</u>
Funds Outside State Treasury			
Other	33,080,091	33,350,791	35,426,917
Total Funds Outside State Treasury	<u>\$33,080,091</u>	<u>\$33,350,791</u>	<u>\$35,426,917</u>
TOTAL SPENDING, ALL FUNDS	<u>\$221,268,300</u>	<u>\$230,005,679</u>	<u>\$225,480,533</u>